State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Department of Workforce Services

KRISTEN COX
Executive Director

CHRISTOPHER W. LOVE
Deputy Director

GREGORY B. GARDNER
Deputy Director

For 9:00 a.m. Release
June 17, 2008
Contact: Mark Knold 801-526-9458
Austin Sargent 801-526-9464

UTAH'S EMPLOYMENT SITUATION: May 2008

Utah Labor Market Indicators
<u>May 2008</u>

Employment Change: 1.4%
Employment Increase: 17,900
Unemployment Rate: 3.2%

<u>United States</u>

Employment Change: 0.1%
Unemployment Rate: 5.5%

Utah's nonfarm wage and salaried job growth for May 2008, as compared with the May employment of 2007, is estimated at 1.4 percent. This is down noticeably from April's downwardly-revised employment growth rate of 1.9 percent. Approximately 17,900 new jobs have been created in the Utah economy over the past year, raising total wage and salary employment in Utah to 1,268,200.

Utah's other primary indicator of current labor market conditions, the seasonally adjusted unemployment rate, measured 3.2 percent in May. This is up one-tenth from April's 3.1 percent measure, and six-tenths higher than last May's 2.6 percent. Approximately 44,000 Utahns were considered unemployed in May, compared against 35,000 last May. The United States' unemployment rate increased by half a percentage point, to 5.5 percent.

Mark Knold, chief economist for the Department of Workforce Services, commented, "The pace of slowing in the Utah employment picture intensified this month. Job losses in the construction sector are the primary reason for the rapid deceleration. While there remain areas of Utah's economy still looking for and embracing new workers—like information technology, life science, and healthcare companies—the national credit and mortgage predicament has translated into the slowest new-home building market in Utah in almost 30 years. Many residential construction workers were let go during the winter months when the workload naturally slackens. So the housing slowdown that began last fall wasn't fully exposed until now. The number of new homes permitted this year to date is so low that Utah is not seeing the spring rehiring surge that normally occurs. Therefore, the anticipated employment contrast for this year is now becoming more pronounced as those workers are missing from this year's springtime payrolls."

Most of Utah's industrial sectors are still showing job gains over the past year, but a weakening picture is emerging in several of them, signaling that the overall Utah employment picture will decline further before it gets better.

Manufacturing is showing signs relative to the weakening state of the national economy. Layoffs are picking up and the industry is feeling the stress of strained consumers, high energy prices, and high transportation costs. Nationally, the weak U.S. dollar against foreign currencies has been a boost for United States manufacturing exports to other countries, but Utah's manufacturing makeup is not strongly built around international sales. Therefore, the lower dollar does not offer much of a positive counter for Utah manufacturers.

The housing market has yet to find its bottom, and consumer spending power is being squeezed by rising inflation fueled by the rising price of gasoline and food. These are combining to put a damper upon Utah consumer spending. Therefore, the strong employment gains of the past year in the trade, transportation, and utilities sector are rapidly diminishing. Utah's dynamic retail trade expansion of the past three years was fueled by both household formations and the housing boom. But for reasons just cited, that dynamic has hit a wall. Current employment counts may suggest the market is still strong, when compared to the employment levels of a year ago, but the recent slowing trend signals that employment gains have leveled off, and as time progresses, the year-over employment gap will lessen.

The transportation sector is feeling the pain of higher fuel prices. Trucking employment is down when compared to a year ago, an event which Utah last experienced six years ago. The airline industry is facing a price-spiraling environment with tough choices and tough times ahead if oil prices remain high and rising. Railroad employment is also below last year's level. Even employment gains in courier services have slowed noticeably.

Leisure and hospitality is another industry vulnerable to the high cost of travel. Currently, the industry shows close to 4,000 more jobs than a year ago, but this industry's immediate outlook is cloudy. With travel costs accelerating so rapidly, this industry's fortunes can also change rapidly. How will travelers and vacationers respond to high transportation costs? Will fewer people be willing to fly to Utah for a vacation? Will high gas prices keep people at home? Several southern Utah counties are heavily tourism-dependent, and the isolation of southern Utah coupled with high travel costs to get there raise questions about the flow of vacationers this year. It could go either way. High travel costs could keep long-distance travelers away, but in return, it could push more short-distance travelers into the area. It's unclear whether that trade off will occur. Las Vegas is oftentimes the gateway through which travelers enter the southern Utah tourism loop. The Vegas tourism counts have noticeably leveled off recently, so is that a signal to the southern Utah tourism economies?

The main drain on the Utah economy is the construction industry, with jobs down 7,600 over the past year and destined to decline further. What a difference a year makes, when this industry was the high flyer and the icing on the Utah economy. The nation's financial crisis exposed vulnerabilities in the Utah housing market. The easy mortgage money is gone. It was that easy and cheap money that allowed Utah home prices to rise. With the easy and cheap money gone, it has become apparent that Utah housing prices are out of balance with income levels. The new home market responded to this exposure immediately. Strong nonresidential construction counters the home-building losses somewhat. Salt Lake County has much of this nonresidential activity, and its construction losses (as a percentage) are only half of what is seen in Utah County. That county's recent construction boom was almost solely built around new homes. Utah County construction employment declines will be approaching 20 percent, whereas Salt Lake County's drop will be more around 10 percent (for now).

The stalwarts of the economy to rally around are the education and healthcare components. Most of the state's education is administered by government institutions (whether K-12 or higher education). Student counts drive up the need for more teachers. As for healthcare, it is in such a consistent growth mode that it is difficult to see any end in sight to its aggressive employment expansions. Booms don't last forever, but the one in this industry sure has been long and substantial.

*** Utah's May seasonally-adjusted unemployment rates by county are scheduled for release on Tuesday, June 24, 2008.** **http://jobs.utah.gov/opencms/wi/pubs/une/season.pdf**

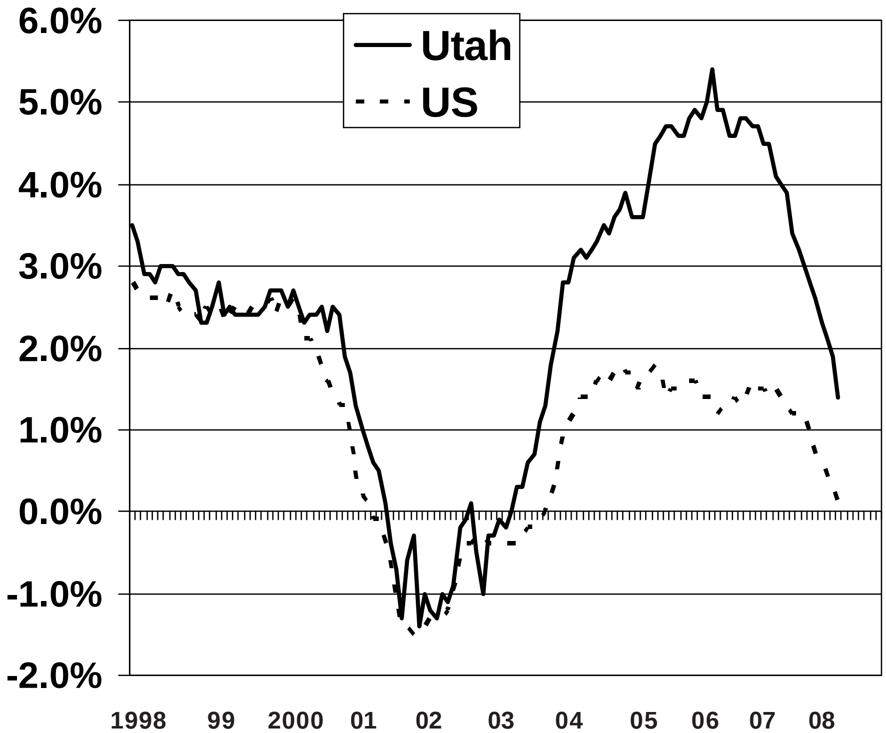
*** Utah's June employment numbers will be released at 9:00 a.m. on Tuesday, July 15, 2008.**

Utah Nonagricultural Jobs by Industry and Components of the Labor Force

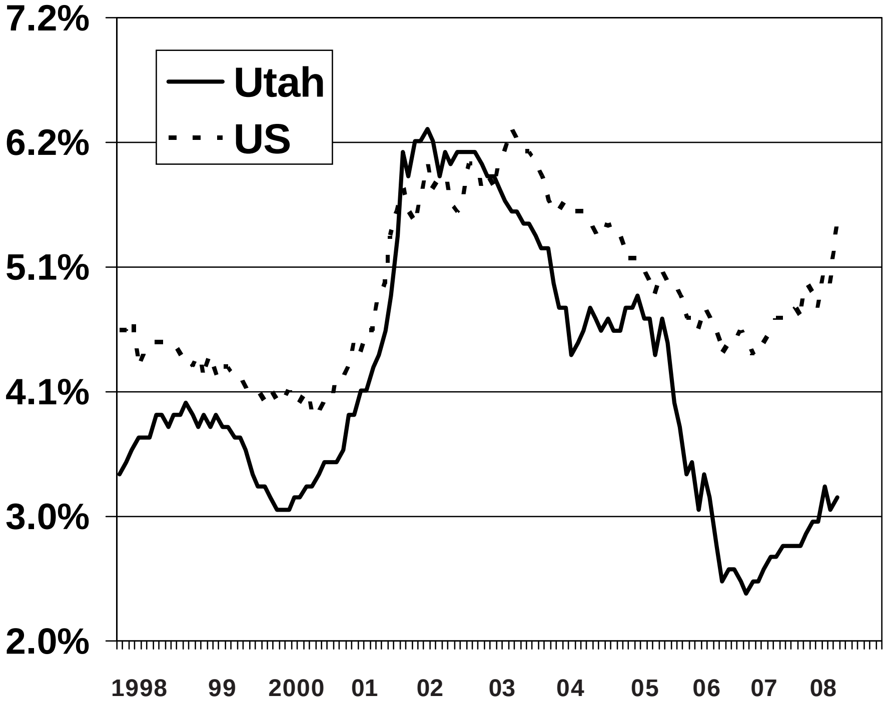
Numbers are in thousands	May(f) 2008	May 2007	Percentage Change	Apr.(r) 2008	Apr. 2007	Percentage Change
CIVILIAN LABOR FORCE (seasonally-adjusted)	**1,388.3**	**1,355.3**	**2.4**	**1,384.8**	**1,351.2**	**2.5**
Employed	1,344.3	1,320.3	1.8	1,342.1	1,316.8	1.9
Unemployed	44.0	35.0	25.7	42.7	34.4	24.1
Unemployment Rate	3.2	2.6		3.1	2.5	
NONAGRICULTURAL EMPLOYMENT (Thousands)	**1,268.2**	**1,250.3**	**1.4**	**1,271.1**	**1,247.8**	**1.9**
Not seasonally-adjusted						
GOODS PRODUCING	**238.1**	**243.7**	**-2.3**	**238.5**	**239.7**	**-0.5**
Natural Resources, and Mining	**11.6**	**11.1**	**4.0**	**11.4**	**10.9**	**4.3**
Construction	**97.6**	**105.2**	**-7.2**	**98.1**	**102.1**	**-4.0**
Construction of Buildings	20.5	22.3	-8.3	20.6	21.8	-5.6
Heavy and Civil Engineering	11.0	11.5	-4.8	11.1	10.8	
Specialty Trade Contractors	66.2	71.3	-7.2	66.4	69.5	-4.5
Manufacturing	**128.9**	**127.4**	**1.2**	**129.1**	**126.7**	**1.9**
Durable Goods	**87.5**	**87.2**	**0.3**	**87.6**	**86.6**	**1.1**
Primary and Fabricated Metals	16.6	16.3	1.8	16.7	16.3	2.5
Computer and Electronic Products	13.0	12.4	4.8	13.1	12.4	5.9
Transportation and Equipment Manufacturing	14.2	14.8	-3.9	14.3	14.8	-3.3
Non-Durable Goods	**41.4**	**40.1**	**3.1**	**41.4**	**40.0**	**3.6**
SERVICES PROVIDING	**1,030.1**	**1,006.6**	**2.3**	**1,032.6**	**1,007.8**	**2.5**
Trade, Transportation, and Utilities	**249.1**	**243.4**	**2.3**	**248.1**	**241.8**	**2.6**
Wholesale Trade	**48.7**	**47.1**	**3.4**	**48.5**	**46.6**	**4.0**
Retail Trade	**149.0**	**146.0**	**2.1**	**148.9**	**145.0**	**2.7**
Motor Vehicle and Parts Dealers	19.2	18.9	1.5	19.4	18.6	3.9
Food and Beverage Stores	23.9	23.2	2.9	23.6	23.1	2.5
General Merchandise Stores	27.7	27.2	1.6	27.5	27.1	1.5
Transportation and Utilities	**50.7**	**50.3**	**0.9**	**50.7**	**50.2**	**1.1**
Utilities	4.2	4.1	2.0	4.2	4.1	2.0
Transportation & Warehousing	46.5	46.1	0.8	46.5	46.1	1.0
Air Transportation	7.2	7.1	2.1	7.3	7.0	4.0
Truck Transportation	19.0	19.0	-0.3	19.0	18.8	0.8
Information	**32.3**	**32.6**	**-1.0**	**31.9**	**32.3**	**-1.2**
Publishing Industries	10.1	10.0	1.2	10.0	9.8	1.7
Motion Picture and Sound Recording	4.2	4.2	-2.0	4.0	4.0	-0.1
Telecommunications	6.7	7.4	-8.7	6.7	7.5	-10.6
Internet Service Providers	5.0	5.0	0.5	4.9	4.9	0.1
Financial Activities	**75.0**	**75.0**	**0.0**	**75.2**	**74.8**	**0.4**
Finance and Insurance	56.7	56.7	0.0	56.7	56.5	0.3
Real Estate and Rental and Leasing	18.3	18.3	-0.1	18.4	18.3	0.7
Professional and Business Services	**166.4**	**162.2**	**2.6**	**164.4**	**159.6**	**3.0**
Professional, Scientific, and Technical Services	68.3	64.5	5.8	68.2	64.7	5.4
Architectural, Engineering, and Related	14.4	13.4	6.9	13.9	12.9	7.6
Computer Systems Design and Related	15.7	14.5	8.3	15.6	14.5	7.4
Management of Companies and Enterprises	20.9	20.2	3.4	20.8	20.0	4.0
Administration & Support & Waste Management & Remediation	77.2	77.5	-0.3	75.4	74.9	0.7
Employment Services	23.7	24.7	-4.2	23.3	23.9	-2.7
Business Support Services	15.2	16.6	-7.9	15.4	16.6	-6.8
Education and Health Services	**142.6**	**136.6**	**4.5**	**146.3**	**140.4**	**4.2**
Educational Services	29.3	28.5	2.8	33.7	32.8	2.8
Health Services and Social Assistance	113.3	108.0	4.9	112.5	107.6	4.6
Ambulatory Health Care Services	45.4	43.1	5.4	44.6	42.7	4.6
Hospitals	31.0	29.2	6.4	31.2	29.2	7.0
Nursing and Residential Care Facilities	21.1	20.4	3.6	21.0	20.4	3.1
Social Assistance	15.7	15.4	2.1	15.6	15.3	2.0
Leisure and Hospitality	**115.2**	**111.5**	**3.3**	**117.6**	**113.9**	**3.3**
Arts, Entertainment, and Recreation	17.5	17.1	2.2	19.7	19.3	2.2
Accommodation and Food Services	97.7	94.4	3.5	97.9	94.6	3.5
Accommodation	17.9	17.6	1.8	18.5	18.3	1.4
Food Services and Drinking Places	79.9	76.9	3.9	79.3	76.3	4.0
Other Services	**36.6**	**35.8**	**2.2**	**35.9**	**35.1**	**2.5**
Government	**213.5**	**209.6**	**1.9**	**213.2**	**209.9**	**1.5**
Federal Government	**36.0**	**36.3**	**-0.9**	**35.2**	**35.8**	**-1.5**
Federal Defense	15.7	16.3	-3.4	15.8	16.3	-3.4
Other Federal Government	20.3	20.1	1.1	19.5	19.5	0.1
State Government	**62.4**	**61.3**	**1.8**	**64.8**	**64.0**	**1.2**
State Schools	33.7	33.3	1.4	36.4	35.9	1.4
Other State Government	28.7	28.0	2.4	28.3	28.1	0.9
Local Government	**115.1**	**111.9**	**2.8**	**113.2**	**110.2**	**2.7**
Local Education	65.4	64.2	2.0	65.2	64.2	1.7
Other Local Government	49.6	47.7	4.0	47.9	46.0	4.2

Source: Utah Department of Workforce Services f = forecast r = revised June 17, 2008

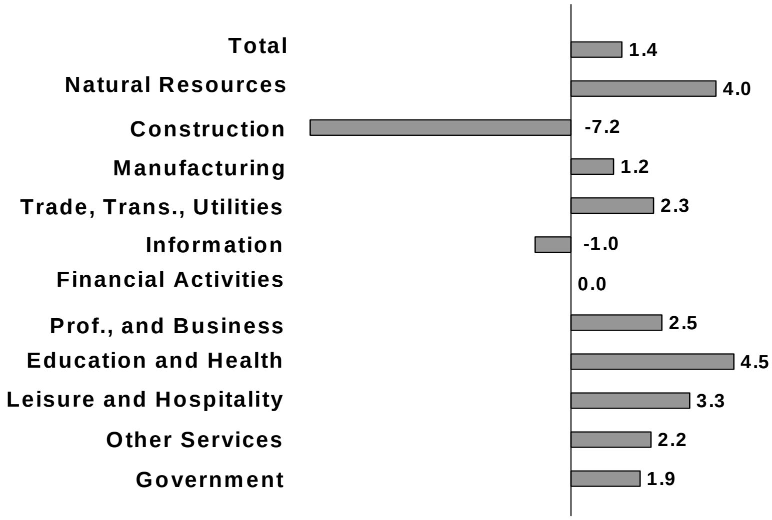
Year-Over Percent Change in Nonfarm Jobs



Seasonally Adjusted Unemployment Rates

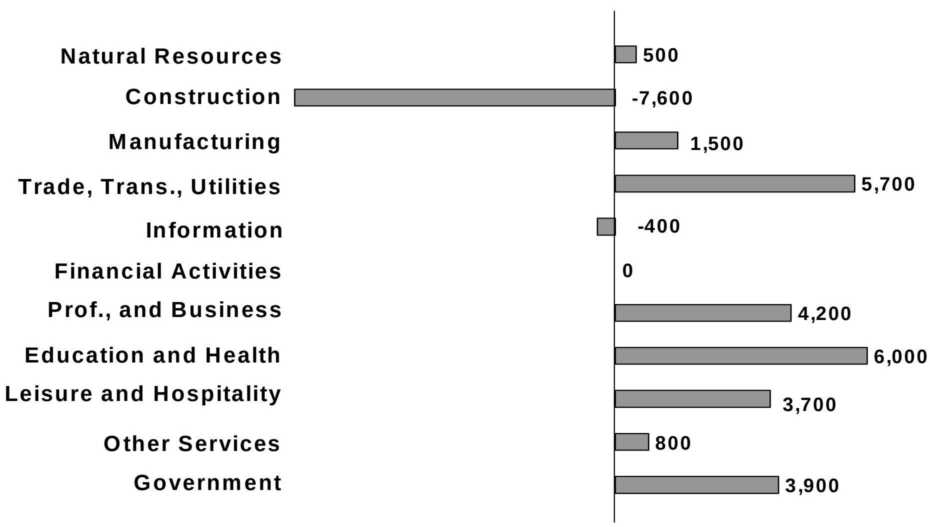


Utah Nonfarm Industry Profile (Percent Change)
May 2007 – 2008



Source: Utah Department of Workforce Services

Utah Nonfarm Industry Profile (Numeric Change)
May 2007 – 2008



Source: Utah Department of Workforce Services

NONFARM EMPLOYMENT IN UTAH'S COUNTIES

	May 2008(f)	May 2007	Percent Change	Apr. 2008(r)	Mar. 2008(r)
State Total	1,268,148	1,250,430	1.4	1,271,111	1,264,885
Bear River	73,107	70,807	3.2	72,919	72,511
Box Elder	21,189	20,378	4.0	20,708	20,844
Cache	51,100	49,673	2.9	51,500	51,000
Rich	818	756	8.2	711	667
Wasatch Front	831,327	819,818	1.4	828,038	824,317
North	205,800	203,722	1.0	204,035	202,513
Davis	105,201	104,981	0.2	104,105	102,902
Morgan	2,128	2,041	4.2	2,030	1,990
Weber	98,471	96,700	1.8	97,900	97,621
South	625,527	616,096	1.5	624,003	621,804
Salt Lake	609,284	600,509	1.5	607,967	605,878
Tooele	16,242	15,587	4.2	16,036	15,926
Mountainland	212,155	210,822	0.6	220,770	220,928
Summit	20,305	19,327	5.1	23,955	25,001
Utah	184,204	184,364	-0.1	189,485	188,790
Wasatch	7,645	7,131	7.2	7,330	7,137
Central	24,964	24,690	1.1	24,617	24,327
Juab	3,336	3,511	-5.0	3,324	3,276
Millard	4,077	4,087	-0.2	3,944	3,902
Piute	385	377	2.1	373	347
Sanpete	7,803	7,562	3.2	7,817	7,752
Sevier	8,179	8,018	2.0	8,053	8,038
Wayne	1,184	1,135	4.4	1,105	1,012
Southwestern	80,094	79,029	1.3	79,369	78,383
Beaver	2,154	2,115	1.9	2,096	2,037
Garfield	2,730	2,582	5.7	2,477	2,036
Iron	17,268	17,342	-0.4	17,113	17,170
Kane	3,484	3,365	3.5	3,202	3,016
Washington	54,458	53,625	1.6	54,481	54,125
Uintah Basin	23,603	22,441	5.2	22,926	22,724
Daggett	572	557	2.7	519	436
Duchesne	7,908	7,359	7.5	7,796	7,729
Uintah	15,123	14,525	4.1	14,611	14,559
Southeastern	22,899	22,823	0.3	22,473	21,696
Carbon	9,157	9,472	-3.3	9,143	8,872
Emery	3,944	3,938	0.1	3,883	3,885
Grand	5,228	5,049	3.5	5,052	4,656
San Juan	4,571	4,364	4.7	4,395	4,282

f = forecast   r = revised but not final.
Note: Numbers have been left unrounded for convenience rather than to denote accuracy.
Source: Utah Department of Workforce Services, Workforce Information, 6/17/08